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FISCAL IMPACT STATEMENT

LS 6920

BILL NUMBER: HB 1534

NOTE PREPARED: Jan 6, 2011

BILL AMENDED:

SUBJECT: Township Reorganization and Government Employees.

FIRST AUTHOR: Rep. Foley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Employee Resignation:* The bill provides that an employee of a political subdivision is considered to have resigned from employment with the political subdivision if the employee assumes the elected executive office of the political subdivision or becomes an elected member of the political subdivision's legislative or fiscal body. It provides that the restriction applies to an employee of a political subdivision who assumes an elected office after June 30, 2012. It provides that the restriction does not prohibit an employee of a political subdivision from holding an elected office of a political subdivision other than the political subdivision that employs the government employee.

Township Boards Other Than Marion County: The bill eliminates township boards in all counties other than Marion County effective January 1, 2015. It specifies that after December 31, 2014, in all counties other than Marion County: (1) the county fiscal body is the fiscal body and legislative body of the township; and (2) the county fiscal body shall exercise the legislative and fiscal powers assigned in the Indiana Code to township boards, including the authority to adopt the township's annual budget and to levy township property taxes for township funds.

County Board of Trustees: The bill establishes a board of trustees (board) in each county, consisting of all township trustees in the county. It requires the board to prepare a county plan (plan) for providing township assistance in the county. The bill provides that the board annually reviews and updates the county's township assistance standards, subject to the approval of the county legislative body. It requires the plan and township assistance standards to be adopted by the county legislative body.

The bill also provides that after December 31, 2014: (1) the provision of township assistance is transferred to the county; (2) a uniform township assistance tax rate is applied throughout the county; and (3) each

township trustee administers township assistance in the trustee's township, in accordance with the county plan and subject to the county board of trustees.

County Executive Duties: The bill provides that after December 31, 2014, in a county not having a consolidated city, the county executive assumes the township trustee's duties concerning weed control and cemetery maintenance. It maintains the township's duties and responsibilities regarding fence viewing, parks and recreation, and libraries.

Fire Protection: It requires the county board of trustees (in counties other than Marion County) to prepare a county fire protection and emergency services plan (county fire plan) and submit the county fire plan to the county legislative body before July 1, 2012, for review and approval. It provides that a county legislative body that receives a county fire plan shall review the county fire plan during at least two public meetings at which the public and any interested parties have the opportunity to comment. The bill requires each county legislative body to adopt before January 1, 2013, an ordinance finally approving the county fire plan as submitted by the county board of trustees or as submitted by the county board of trustees and amended by the county legislative body.

The bill specifies that after December 31, 2014, in a county other than Marion County: (1) the county executive is responsible for providing fire protection and emergency services in the unincorporated areas of the county as provided in the county fire plan; and (2) the powers and duties of township government and the township trustee related to providing fire protection and emergency services in the unincorporated areas of the county are transferred to the county. It provides that on January 1, 2015, all assets, debts, and contracts of a township connected with firefighting operations are transferred to the county. It requires the county to assume all township indebtedness related to fire protection and emergency services. It also provides that the county may levy property taxes to pay township indebtedness or lease rental obligations incurred by a township only in the geographic area of the township that originally issued the debt or entered into the lease rental agreement.

The bill requires the county board of trustees to act as the safety board of the county for purposes of the county fire department.

County Fire Plan: The bill requires that the county fire plan must include the following: (1) A comprehensive plan providing for fire protection, emergency medical services, and hazardous materials response in the unincorporated area of the county. (2) A description of the facilities, equipment, and personnel that will be used to provide fire protection and emergency services in the unincorporated area of the county. (3) A description of the standards of service and protocols for fire protection and emergency service. (4) A plan specifying the transition of fire protection and emergency services from existing township fire departments and other providers of fire protection and emergency service to county administered fire protection and emergency services. (5) A description of the organization of the county fire department and any residency requirements that will apply to members of the county fire department. (6) A description of any fire protection districts, fire protection territories, volunteer fire departments, or other units of government that will be established or used to provide fire protection or emergency service.

Fire Protection Territory: The bill provides that if a township in a county not having a consolidated city is a participating unit in a fire protection territory as of January 1, 2015, the county shall on January 1, 2015, assume the powers, duties, rights, responsibilities, and obligations of the township for purposes of the fire protection territory law. It also provides that a township may not after December 31, 2011, establish a fire protection territory without the approval of the county legislative body.

County Firefighting Fund: It establishes a county firefighting fund and levy. It enacts provisions specifying county firefighting powers and duties similar to township firefighting powers and duties. The bill specifies the maximum property tax levy for a county's firefighting fund.

Fund Transfers: The bill authorizes the Department of Local Government Finance to adjust the maximum permissible property tax levies of any political subdivision as necessary and proper to account for the transfer of fire protection and emergency services powers and duties from townships to counties. It specifies that after December 31, 2014, in each county not having a consolidated city: (1) a county cumulative firefighting building and equipment fund is established; and (2) each township's cumulative firefighting building and equipment fund is abolished, and the balances in those funds are transferred to the county's cumulative firefighting building and equipment fund.

Contracts: The bill specifies that a township may not enter into a contract related to township assistance or fire protection or emergency services with a term that extends beyond December 31, 2014, unless the contract has been approved by the county legislative body.

Public Safety Answering Point: The bill provides that in a county other than Marion County, the county may not contain more than one public safety answering point (PSAP) after December 31, 2014. It specifies that in a county other than Marion County, PSAP operators must adopt an interlocal agreement: (1) specifying the funding and staffing of the PSAP that after December 31, 2014, will serve the county; (2) providing that to the extent property taxes are used to fund the PSAP, those property taxes shall (beginning with property taxes first due and payable after December 31, 2014) be imposed at a uniform rate throughout the county; and (3) specifying the protocols to be followed by the PSAP.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Division of Fire and Building Safety (DFBS):* Costs could minimally increase for the DFBS to adopt a county plan for fire protection and emergency services if a county legislative body does not approve a plan submitted by the county board of trustees for the county.

Department of Local Government Finance (DLGF): The DLGF will incur additional reporting costs to summarize the data concerning county budget, levies, and tax rates to be included in a statewide statistical report concerning township assistance. Additionally, the DLGF may not approve a county budget, if the county does not provide township assistance data to the SBOA.

The DLGF will incur minimal additional cost to adjust a county's and a municipality's ad valorem property tax levy the after a municipality elects to have the county provide fire protection and medical assistance services. Additionally, the DLGF will hold hearing in counties where 10 or more taxpayers have disagreed with a decision of the county executive and fiscal body to borrow money to purchase firefighting apparatus.

Explanation of State Revenues:

Explanation of Local Expenditures: *County Fiscal Body:* The bill will increase costs for counties by making the county fiscal body the township fiscal and legislative body and transferring some duties of the township trustee to the county executive. County councils and executives may require additional meeting time to establish budgets, consider resolutions, and adopt plans for capital improvements. However, cost savings may result from the elimination of the three-member township boards in counties outside of Marion County. [The position of township trustee would remain in place.]

Township Trustees and County Board of Township Trustees: Additionally, the township trustees within the county will form the county board of trustees to develop standards for township assistance that meet at least the minimum standards set in statute but that may vary by township within the county. In accordance with the county plan, the county board of trustees will hire township assistance personnel. The board may appoint a chief deputy for a township having a population of 10,000 or more. The compensation for these employees will be fixed in the same manner as other county salaries. All other functions concerning provision of township assistance will continue to be the responsibility of the township trustee under the authority of the county plan. The ability to hire personnel for township assistance, including hiring a chief deputy for townships with 10,000 or more population, are assigned to the township trustee under current law.

The county board of trustees will also adopt a plan for fire protection throughout the county and serve as the safety board of the county which will be similar to a municipal safety board for a municipal fire department. Responsibility for fire protection in the unincorporated areas of the county, weed control, and cemetery maintenance will transfer from the township trustees to the county executive. [Other township trustee responsibilities such as fence viewing, parks and recreation, and libraries will remain with the township trustee.]

Background: There are a total of 1,008 townships in Indiana, with 9 townships in Marion County having seven-member township boards and 999 outside of Marion County having three-member township boards. The number of townships per county varies between 4 and 21, with the largest number of counties having 12 townships.

There are an estimated 2,997 township board members statewide but not including Marion County. Currently, the township board is the legislative body of the township, and the township trustee is the township executive. The legislative body of a township fixes the salaries for the members of the township board. There is no single, statewide repository of township board member salaries. However, township board compensation for 486 townships was available for review. The salaries range from \$100 to \$10,790 per year, with the statewide median salary being \$518. With three township board members, the savings per township would range from \$300 to \$32,370, and most townships would save on average \$1,554. Statewide savings, based on the calculation of township board members and median compensation, would be \$1.55 M.

With data available from 548 townships outside Marion County, the median salary for a township trustee is \$7,500 a year, with salary ranging between \$500 and \$71,600. There are no data available to indicate whether township trustee salary would change based on the decisions of the county fiscal body.

While savings will accrue to township residents, the county fiscal body, which fixes the compensation of officers, may increase compensation for county legislative and fiscal bodies that undertake additional responsibilities from the township boards.

County Fire Protection: The county executive will provide fire protection and emergency services in all unincorporated areas of the county either by directly providing the services or contracting or cooperating with a municipality in the county, or contracting with a volunteer fire department. If the county provides services directly, the county will give preference in hiring to war veterans and then to persons whose parent was a firefighter of the unit, a municipal police officer, or a county police officer. For a municipality without a full-time paid fire department, the county may provide fire protection or emergency services without contract if the county approves a resolution and the municipality approves an ordinance allowing it.

Explanation of Local Revenues: *County Assistance Fund:* The county fiscal body is to estimate the total

cost of township assistance in the county for the following year and adopt a uniform county tax rate after 2015 to meet the estimated costs. The taxes levied for township assistance are to be placed in the fund, and the money in the fund is to be used to pay the expenses and obligations set forth in the annual budget. Drugs and vaccines provided to indigents are to be paid through the county's township assistance fund. Money in the fund at the end of the year does not revert to the county general fund.

Obligations for Fire Protection and Emergency Services: A county may levy property tax in the geographic area of the township that originally issued the debt or entered a lease rental agreement to pay the township indebtedness or lease obligation.

LOIT for Public Safety: The distributive share of a public safety local option income tax that would have been paid to the township will instead be paid to the county beginning in 2015.

County Firefighting Fund: The county will establish a county firefighting fund to pay the costs of providing fire protection and emergency services. The county may levy a property tax on all real and personal property outside the corporate boundaries of municipalities.

State Agencies Affected: DFBS; DLGF.

Local Agencies Affected: Counties and Townships.

Information Sources:

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